

JANET NAPOLITANO
Governor



WILLIAM BELL
Director

ARIZONA DEPARTMENT OF ADMINISTRATION
OFFICE OF THE DIRECTOR

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August, 2008

Dear State Employee:

The Department of Administration's Benefit Services Division (BSD) will soon undertake a dependent eligibility audit of members in the Benefit Options health plans. This audit is one among several scheduled since the State moved to self-insurance. All reviews are to ensure that public funds are being appropriately expended. Arizona Revised Statutes § 35-181.02 requires us to "...establish procedures for the return and resolution of any claim for which funds are not available or which payment is contrary to law."

These audits will begin about October 1, 2008, for employees and sometime in 2009 for retirees. If at the time of audit no errors or misrepresentations are discovered in your benefits file, it is not our current intent to look further. However, if at the time your account is reviewed, we find that any of your claimed dependents are not eligible for services, a retrospective audit will be done to identify any medical charges paid on behalf of such dependents since October 1, 2004. If medical claims were erroneously paid, the State will seek recovery. If you are currently employed by the State, any misrepresentation may be reported back to your agency's management and may subject you to disciplinary action.

If you are currently employed by the State, your Agency Benefits Liaison will be in touch with you should your name be chosen for audit; if you are a retiree, you will be contacted directly. You will be given a reasonable period of time (60 days) to produce evidence of a claimed dependent's eligibility.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Bell".

William Bell
Director